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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 000234

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CH, BM, SU, TW, IR

SUBJECT: UK PM GORDON BROWN IN CHINA: EXPANDING TRADE,
POLITICAL DIALOGUE

Classified By: Classified By: Political Minister Counselor Aubrey Carls
on. Reasons 1.4 (b/d).

Summary

[11](#). (C) British Prime Minister Gordon Brown's January 18-20 visit to China focused largely on economics but also covered Sudan, Burma, Iran, human rights and Hong Kong, British Embassy contacts told us January 21. Brown gave a qualified welcome to China's new sovereign wealth fund (the China Investment Corporation), announced a goal of raising bilateral trade by 50 percent to USD 60 billion by 2010, and announced plans to upgrade and broaden an existing financial dialogue. Discussions with China on Sudan bore fruit, with China agreeing to bring additional pressure on Khartoum to implement the Comprehensive Peace Agreement and work toward North-South reconciliation. Our British contacts were less optimistic about Burma, despite a Chinese pledge to support UN Special Advisor Gambhari's efforts to visit Burma soon. End summary.

[12](#). (U) British Prime Minister Gordon Brown visited China January 18-20 and met Chinese President Hu Jintao, Premier Wen Jiabao and National People's Congress (NPC) Chairman Wu Bangguo, British Embassy First Secretary David Ward briefed third-country diplomats including PolOff on January 21. Brown's party included Secretary of State for Business, Enterprise and Regulatory Reform John Hutton, Minister for Trade Promotion Sir Digby Jones and over 30 business leaders. After Beijing, Brown visited Shanghai.

Brown Guardedly Welcomes Chinese Sovereign Wealth Fund

[13](#). (C) Brown, formerly Britain's Minister of Finance, welcomed investment by China's sovereign wealth fund, the China Investment Corporation (CIC), but cautioned that the CIC should remain transparent and be used in a commercial, apolitical manner with the aim of turning a profit rather than gaining political leverage. Brown expressed desire to make the United Kingdom China's preferred trading partner in the European Union, in the hope that Chinese companies will use London as a springboard to access global markets. China and the UK jointly announced their intention to increase bilateral trade from its current USD 39 billion annually to USD 60 billion by 2010. Brown raised market access, stating that it is in China's interest to open its markets and that doing so would lessen calls for protectionist measures. During the visit, Brown presided over the opening of the

Beijing branch of the London Stock Exchange.

Upgrading Existing Financial Dialogue

14. (C) During the visit, China and the UK agreed to elevate their existing economic dialogue from the Minister-of-Finance level to the level of Chancellor of the Exchequer and a Vice Premier to be named in late March. The dialogue will broaden from standard financial topics and include international development policy, financial sector development, energy and the economics of climate change. The first session of the broadened dialogue is slated for April.

Agreements

15. (C) Brown signed several agreements over the course of the visit, including a framework on educational cooperation and a framework on "sustainable cities," particularly focusing on Dongtan (near Shanghai) and Wuhan. The British government will partner with the National Development and Reform Commission (NDRC) on climate change, and provide financial support to China via an "Environmental Transformation Fund." British businesses signed four large contracts during the visit, including three between British Petroleum and Chinese counterparts. The contracts amount to approximately USD 800 million and were of greater political than economic significance, according to the British Embassy.

Sudan

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16. (C) On Sudan, China and Britain agreed that the trilateral mechanism should remain the primary avenue for dialogue on Sudan and that the smooth deployment of peacekeeping forces is necessary. Both sides hope for a continued ceasefire and successful implementation of the Comprehensive Peace Agreement (CPA). UK Embassy First Secretary Gareth Ward told PolOff separately January 21 that Brown pushed the Chinese on Sudan to "the edge of their comfort level," and achieved positive results. Specifically, Brown asked for more Chinese participation in North-South reconciliation and a more active role in the implementation of the CPA. According to Gareth Ward, the Chinese agreed. Brown proposed a joint water development project and asked China to take steps to minimize the environmental impact of any new infrastructure projects, a goal that Britain hopes to include as a deliverable in the next high-level visit. Britain has invited Chinese Special Envoy for Darfur Liu Guijin to visit London in the next few months.

Burma

17. (C) On Burma, the two sides agreed on the importance of UN Special Advisor Gambari resolving the outstanding issues in Burma. China agreed to support Gambari by pressuring Burma to allow a visit soon. Gareth Ward commented that, while the outcome of the talks on Sudan was positive, the outcome of the Burma dialogue was disappointing. Chinese officials were positive on Gambari, but made statements in advance of Brown's arrival that China, unlike Britain, has a border with Burma, and therefore stability is of paramount concern to China. They further asserted that the roadmap has the support of many ethnic minority groups in the north, and that the UK and France have been undermining that roadmap. These comments were then repeated "in short form" for Brown during his visit with no additional progress.

International Organization Reform

18. (C) The British raised the issue of international

organization reform to increase the effectiveness of multilateral organizations and expressed a desire to be "constructive" with China on this issue. The British focus was on the United Nations, specifically strengthening links between peacekeeping, reconstruction and development, and on the World Bank and IMF, hoping these two institutions can be a positive force for change rather than merely a last resort.

Iran

¶9. (C) On the Iran nuclear issue, China and Britain both made public statements against proliferation. Britain asked China to encourage Iran to take into account the concerns of the international community. Iran was not discussed in detail, as Brown's visit came directly before the January 22 P3-plus-3 (P5-plus-1) meeting in Berlin.

Human Rights

¶10. (C) Brown raised human rights with Premier Wen Jiabao, President Hu Jintao and NPC Chairman Wu Bangguo. He asked the Chinese to ratify the International Convention on Civil and Political Rights. Chinese officials responded that China intends to ratify the Convention once domestic legislation is ready.

Taiwan

¶11. (C) Asked if Taiwan came up in Brown's meetings, David Ward said Brown discussed the issue in an interview with Xinhua news agency ahead of the visit, pointing out that Britain seeks a reduction of tension in the region and thus opposes Taiwan's planned UN referendum, which will do nothing to elevate Taiwan's status. Ward said Brown noted that Britain's Taiwan policy has not changed since 1972, when Britain established diplomatic relations with the PRC.

Migration Treaty, Dalai Lama, Hong Kong

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¶12. (C) Britain called for full implementation of a migration treaty signed in 2007, and asked for follow-up visits at the ministerial level. At this time, Britain has made no decision on a Dalai Lama visit to the UK, but will inform China once the decision is made. Brown asked Premier Wen for a timetable for the implementation of democracy in Hong Kong. Wen responded that China is committed to maintaining stability while gradually introducing democracy. Asked about Pakistan, Kosovo and the EU arms embargo, Ward said Brown did not raise these issues.

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